**REVIEW - Interest & Credit**

**Show all work** and place final answers on the line provided.

Name: Date:

Fill in the triangle

1. Using the simple interest formula solve the following problems: **I = prt**
2. Drayson invested a principal amount of $650.00, with an

interest rate of 7%, over 4 years. How much interest is earned?

b) Aydan invested $800.00 at 5½ % over 36 months. What is his interest earned?

1. If Sabina earned $65 interest, by investing some money over 4 years @ 3.9%.

How much money did she invest in the first place?



1. Solve the following compound interest problems:

1. Dylan invests $400, compounded semi-annually, at an interest rate of 5.8%.

How much money will he have at the end of his 8 year investment period?

**Answers:** $182.00, $132.00, $416.67, $631.98

1. If Christopher invests this same money ($400, 5.8%, 8 years) *monthly*,

how much will he have then?

1. Let’s say that Darci earned $250 interest on an investment over 9 years.

She ended up with $4000. What was her beginning amount?

1. **BONUS**: Julia invests some money quarterly, at 8% over 5 years.

She ended up with a total amount of $3000. How much money did she begin with?

1. Simple interest

a) If Yo Yo Ma invests $1400 at 3%, how long will it take for his to money to double? (round to 1 decimal place)

b) What if he invests $3000 over 8 years and then had $6000.

What was the interest rate?

**Answers:** $635.46, $3750.00, $2018.91, 33.3 years, 12.5%

1. Kayley has a credit card with an annual interest rate charge of 19.5% and a monthly limit

of $9000. She had a previous balance of $2700 and made purchases totalling $600.

She made a payment of only $1100. Her minimum monthly payment must be

$125 or 5% whichever is greater. Calculate the following:

1. The monthly interest *rate* =
2. The finance *charge* =
3. The new balance =
4. The minimum payment required =
5. The credit available =
6. Tristan needs to buy a new bedroom suite for $2999 (plus taxes) from United Warehouse. They are offering the following “sweet” promotion to entice customers to shop there:

**Option 1** – Pay Now: pay full price, plus PST, GST and a delivery charge of $60 (including taxes)

**Option 2** – Pay Later: pay taxes, delivery charge and a $40 admin. fee (plus taxes) now and

pay the $2999 one year from now.

1. Calculate Tristan’s *pay-now* price.

**Answers:** 1.625%, $26.00, $2226.00, $125, $6774.00, $3448.87

1. Calculate Tristan’s total *pay-later* price.
2. How much more would he pay if he chooses the *pay-later* deal?
3. Express this difference as a percent rate of the total *pay-now* price.
4. Riley likes to shop. She wants to buy a 60” LED TV with Bose surround-sound for Christmas. She found one at Best Buy for $5000 plus taxes. She needs a loan to pay for this. She decides that she can handle a loan for 5 years. The interest rate is 11%. Using the *financial calculator*, determine:
5. Riley’s monthly payments for this loan.
6. The amount of interest Riley will pay for this loan.

**Answers:** $3494.07, $45.20, 1.31%, $122.84, $1719.80